

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - May 4, 2004

United States Attorney Carol C. Lam announced the sentencings in federal district court in San Diego of Millennium Financial, Ltd. ("Millennium") and its CEO Rodney Scott Shehyn ("Shehyn"), in two separate criminal cases arising out of an international investment fraud scheme. On January 27, 2004, Shehyn pled guilty to twelve counts of mail and wire fraud in connection with his participation in the investment fraud which operated from boiler rooms in California, Florida, and Nevada. On April 15, 2004, Shehyn was sentenced to serve 37 months in prison. Today U.S. District Court Judge Barry Ted Moskowitz sentenced Millennium to one year of probation and ordered the forfeiture of approximately \$1.3 million in proceeds located in an offshore financial account in the Federation of St. Kitts & Nevis.

As part of his plea, Shehyn acknowledged that he was also the owner and CEO of Millennium. According to Shehyn's plea agreement and a Criminal Information filed against Millennium, from at least November 1999 until June 2002, Millennium promoted itself as an international investment advisory firm based in Uruguay, with offices in Brazil, Mexico, Singapore and Switzerland. However, in May 2002, law

enforcement agencies in Ireland and the United Kingdom, along with the U.S. Securities & Exchange Commission (“SEC”), discovered that Millennium was a fraudulent boiler room located in Spain that was operated by Shehyn and others from San Diego, California. According to court documents, Millennium defrauded at least 700 investors from at least twenty countries, including the United Kingdom, Ireland, and Switzerland in the sale of pre-IPO stock in at least three U.S. based companies. According to the Criminal Information, the proceeds from Millennium’s fraudulent scheme were laundered through several offshore accounts in nominee names, including a financial account in Nevis.

On May 22, 2002, the SEC filed a civil action against Millennium entitled SEC v. Millennium Financial, Ltd. et. al., No. 02-CV-3901 (MBM) (SDNY). In that action, the U.S. District Court for the Southern District of New York issued a preliminary injunction and asset freeze, and also appointed a receiver. Prior to that date, at the request of the United States Department of Justice, anti-money laundering authorities in the Federation of St. Kitts & Nevis obtained a freeze order against Millennium’s financial account in Nevis. On May 3, 2004, pursuant to authority from the U.S. District Court in New York and, with the consent of Millennium’s CEO Rodney Shehyn, the receiver entered the company’s plea of guilty to wire fraud, money laundering, and criminal forfeiture.

According to Assistant U.S. Attorney Faith Devine, who prosecuted the case, the United States intends to submit a formal request to the Federation of St. Kitts & Nevis seeking repatriation of the over \$1.3 million contained in this account to the United States for ultimate return to the victims of Millennium’s fraudulent scheme, through Millennium’s court-appointed receiver. In separate forfeiture actions, Shehyn also agreed to forfeit an additional \$600,000 in assets, to be distributed to the Millennium investors, through its receiver. For additional information concerning the receiver and how to make a claim to the funds, investors may access the website at www.millfinreceiver.com.

United States Attorney Lam said, “We are pleased that the international law enforcement community worked together to bring down a fraud that was truly international in scope.” United States Attorney Lam specifically acknowledged the assistance of the regulatory and law enforcement officials in Ireland, the

United Kingdom, Spain, Guernsey, Hong Kong, and, in particular, the Federation of St. Kitts & Nevis, which restrained the over \$1.3 million in proceeds which were laundered by Millennium through the Bank of Nevis. Ms. Lam also praised the work of the U.S. Securities & Exchange Commission, the Internal Revenue Service, the Federal Bureau of Investigation, and the U.S. Postal Inspection Service, which led to the successful conclusion of these cases.

DEFENDANTS

Rodney Scott Shehyn Case Number: 01-CR-1415-BTM

Millennium Financial, Ltd. Case Number: 04-CR-0294-BTM

SUMMARY OF CHARGES

Case Number: 01-CR-1415-BTM: 18 U.S.C. Sections 1341 (Mail Fraud) and 1343 (Wire Fraud)

Case Number: 04-CR-0294-BTM: 18 U.S.C. Section 1343 (Wire Fraud) and 1956 (Money Laundering)

PARTICIPATING AGENCIES

U.S. Securities & Exchange Commission
Internal Revenue Service
Federal Bureau of Investigation
U.S. Postal Inspection Service.